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## Editor's Notes

American Woman's Society of Certified Public Accountants

American Society of Women Accountants

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# EDITOR'S NOTES

The summer doldrums seem to have hit your editor, and it is with delight that she gives the feature editors of this magazine extra space in which to tell their stories.

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## Stock Options and the Minimum Tax

One of the more unsavory of the Tax Reform provisions effective in 1970 is the minimum tax of ten percent imposed on certain items which are characterized as "items of tax preference" in Section 57 of the Code. One of these items is the amount of difference between the fair market value of a share of stock on the date such share is acquired under a stock option and its option price. On December 30, 1969, when the Tax Reform Act was signed into law by the President, the stock market was at a high level and the difference upon which the tax will be imposed was at that time a preposterous amount. To add insult to injury, the optionee is also going to have to pay the minimum tax on any interest on borrowings required to exercise his stock options and on any ultimate capital gain which he might realize if and when he sells the stock so acquired.

Seeing the stock market slide to its present level has hardly been encouraging to the average investor or corporate employee. However, it does offer an opportunity to the holder of stock options to exercise such options at a time when a lower fair market value can save, or at least defer, many dollars of minimum tax. It is therefore suggested that proper tax planning maneuvers might include the exercise of stock options while the market is at its present low level. This will, of course, depend upon the future prospects of the stock in question and the optimism of the taxpayer as to what the future may hold.

A.D.S.

The following is a short list of some books which have not been reviewed by the staff and contributors to the REVIEWS Section. The REVIEWS editor believes some of these will be of interest to our more ravenous readers.

*"Management Accounting: An Historical Perspective,"* R. H. Parker (Augustus M. Kelley, New York; 1969, 167 pages, \$10.00)—contains a bibliography of 353 items and a chronology of important dates in accounting history from the 12th Century A.D.

*"Preparing Tomorrow's Business Leaders Today,"* Edited by Peter F. Drucker (Prentice-Hall, Inc., Englewood Cliffs, N.J.; 1969, 290 pages, \$10.00)—essays written by 23 business leaders and educators on business today.

*"Motivating the Underperformer,"* Thomas R. Masterson and Thomas G. Mara (American Management Association, Inc., New York; 1969, paperbound, 16 pages, \$2.00, non-members \$3.00)—examines motivational forces in the underperformer and shows how his performance can be improved.

*"Commercial Time-Sharing Services and Utilities,"* Richard T. Bueschel, Andrew G. Stephenson, and Douglas C. Whitney (American Management Association, Inc., New York; 1969, paperbound, 95 pages, \$4.85)—historical development, hardware and software for time-shared services.

*"Some Patterns in the Rise of the Multinational Enterprise,"* Jack N. Behrman (The University of North Carolina, Graduate School of Business Administration, Chapel Hill, N.C.; 1969, paperback, 180 pages, \$2.95)—basic information from interviews with 30 United States parent companies and 60 of their affiliates in Canada and Europe.

*"Readings in International Accounting,"* Kenneth B. Berg, Gerhard G. Mueller, and Lauren M. Walker, editors (Houghton Mifflin Co., Boston, Mass.; 1969, paperbound, 305 pages, \$4.75)—a collection of readings divided into four parts: international dimensions of accounting, patterns of accounting development, bridging the gap between countries and areas, and practical international accounting problems.

*"Decision Analysis: Introductory Lectures on Choices Under Uncertainty,"* Howard Raiffa (Addison-Wesley Publishing Co., Reading, Mass.; 1968, paperbound, 309 pages, \$4.95)—emphasis on the Bayesian School of Probability Analysis. Written by a mathematician who is also a clear thinker and a rather skillful writer. This text is not an easy book but should be understandable to those with at least high school algebra. It is, however, not business-application oriented, so the reader must himself discover how it should be applied in the practical business situation.

*"Canadian Standards of Accounting and Financial Reporting for Voluntary Organizations,"* Publications and Information Branch, The Canadian Welfare Council, Ottawa, Ontario; 1969, paperbound, 15 pages, \$1.00)

M.E.D.